

Message Text

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ORIGIN EB-11

INFO OCT-01 ARA-16 ISO-00 COME-00 L-03 CIAE-00 INR-11

NSAE-00 RSC-01 /043 R

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COMMERCE:AWARNER

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R 161909Z SEP 74

FM SECSTATE WASHDC

TO AMEMBASSY LA PAZ

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E.O. 11652: N/A

TAGS: ETRD, BCOM, BL

SUBJECT: FIAT CONCORD TRACTOR MONOPOLY

REFS: (A) STATE 044074 (B) LA PAZ 2611

1. PLEASE REPORT PRESENT STATUS DRESSER ARRANGEMENT, ITS IMPLEMENTATION, AND SIMILARITIES OR DIFFERENCES FROM FIAT TRACTOR ARRANGEMENT (REF B) AND ASCERTAIN WHETHER GOB CONTEMPLATING ANY OTHER SIMILAR MONOPOLY ARRANGEMENTS.

2. WE AGREE WITH EMBASSY THAT FIAT TRACTOR MONOPOLY ARRANGEMENT MAY SET SIGNIFICANT NEW PRECEDENT FOR FURTHER MONOPOLY ARRANGEMENTS WHICH WOULD BE IN VIOLATION OF 1858 TREATY AND COULD DAMAGE US TRADE INTERESTS. IF, IN EMBASSY'S JUDGMENT, A DEMARCHE AT THIS TIME WOULD NOT JEOPARDIZE DRESSER ARRANGEMENT (NOR ENCOURAGE GOB OR THIRD COUNTRIES TO RAISE POSSIBLE TREATY OBLIGATION BETWEEN BOLIVIA AND THIRD COUNTRY THAT DRESSER CONTRACT MIGHT SIMILARLY VIOLATE), DEPARTMENT CONCURS IN LOW-LEVEL APPROACH AS SUGGESTED IN PARA 5, REF B. EMBASSY SHOULD

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NOTE THAT FIAT MONOPOLY VIOLATES 1858 US-BOLIVIAN

COMMERCIAL TREATY (REF A) AND ASK WHAT MEASURES GOB WOULD CONTEMPLATE TO RECTIFY SITUATION. FYI: US WOULD CONSIDER GRANTING WAIVER OF MFN PROVISIONS SIMILAR TO THAT AGREED TO IN 1946 COVERING US-PHILIPPINE TRADE. HOWEVER, WE WOULD PREFER TO LEARN GOB REACTION BEFORE SUGGESTING THIS POSSIBILITY - END FYI.

3. GRANTING OF MONOPOLIES TO US COMPANIES BY LATIN AMERICAN COUNTRIES NOT UNHEARD OF; FOR EXAMPLE, ITT HAS BEEN GIVEN MONOPOLIES IN AREA OF COMMUNICATIONS EQUIPMENT (FOR LOCAL USE) BY ARGENTINA AND CHILE. WE ARE NOT AWARE OF ANY SUCH ARRANGEMENTS GRANTED TO NON-US COMPANIES, BUT ASSUME THEY EXIST. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TREATY VIOLATION, FARM EQUIPMENT, DEMARCHE, TRADE AGREEMENTS, TRACTORS, MONOPOLIES, GOVERNMENT REACTIONS, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE203281
Document Source: CORE
Document Unique ID: 00
Drafter: BJMOHLER:DI
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740260-0066
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740941/aaaabjaz.tel
Line Count: 74
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: (A) STATE 044074 (B) LA PAZ 2611
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 09 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 SEP 2002 by boyleja>; APPROVED <03 MAR 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FIAT CONCORD TRACTOR MONOPOLY
TAGS: ETRD, BEXP, BL, US, FIAT CONCORD
To: LA PAZ
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005